



## MEMORANDUM

**To:** City of Chicago Heights, Village of Calumet Park, Village of Homewood, Village of Matteson, Village of Park Forest, Village of South Holland

**From:** Dustin Calliari, Senior Planner, CMAP; Rukaya Abdallah, Associate Planner, CMAP

**Date:** January 3, 2024

**Subject:** Collaborative on Local Incentives – Phase II

### Overview and Key Insights from the Collaborative on Local Incentives

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#### Purpose

Phase II of CMAP's Collaborative on Local Incentives ("Incentives Collaborative") occurred over the course of 2023. This memo aims to articulate the significant findings, challenges, and potential impacts identified during the Incentives Collaborative meetings, with a focus on the ways these insights can shape and influence future development incentives and policies.

#### Background

Building on CMAP's [Improving Local Development Incentives Policy Guide](#), the Incentives Collaborative was initiated to enhance capacity and knowledge on the use of incentives through various interactive and participatory formats. The initiative aimed to facilitate peer exchange, panelist discussions, and industry-focused conversations and presentations. The Incentives Collaborative panels brought together public sector municipal economic development leaders from across the region with private sector developers and consultants. This diverse gathering fostered a rich dialogue on various aspects of local development incentives and building a better understanding and improvement of policies and practices.

Phase I of the Incentives Collaborative included participants from 11 communities across northeastern Illinois. The collaborative featured a series of three meetings, including a developer dialogue panel with Urban Land Institute (ULI) Chicago, focused on best practices in local economic development (summaries of which can be accessed [here](#) and [here](#)).

Phase II of the Incentives Collaborative involved six communities located within the south suburbs of the northeastern Illinois region (all within Cook County). Each community was represented by economic development and/or community development directors, ensuring that participants came to the conversations with similar levels of authority and expertise. The collaborative met five times over the course of 2023, with one meeting in CMAP's offices in downtown Chicago and the others in participating communities.



## Participants

Six communities participated in Phase II of the Incentives Collaborative. Communities were invited to participate based on several factors, including but not limited to geography, community demographics, existing industries, and current economic development policies.

The participants were:

Municipality	Represented by	Title
City of Chicago Heights	Jack Hynes	Economic Development Consultant, Chicago Heights Economic Development Corporation
Village of Calumet Park	Jonathan Shaw	Economic Development and Grants Coordinator, Director of Parks and Recreation
Village of Homewood	Angela Mesaros	Director of Economic and Community Development
Village of Matteson	LaVern Murphy	Deputy Director of Economic Development
Village of Park Forest	Sandra Zoellner	Director of Economic Development and Planning
Village of South Holland	Travis Bandstra	Director of Community Development

## Discussion Topics

- Best practices in local economic development
- Local challenges in taxation and incentives
- Strategic planning and communication
- Balance between community and private development needs

## Summary of activities

### Meeting #1: CMAP Incentives Collaborative - March 2023

The inaugural session of the Incentives Collaborative served as an introduction to the initiative's goals and structure. Key discussions included:

- Introductions and icebreakers: Sharing participant objectives and expectations, setting a collaborative tone.
- Overview of Collaborative: Taking a deep dive into CMAP's incentives policy research and the envisioned phases of the collaborative effort.
- Capacity building: Discussing the technical assistance provided by CMAP to bolster local implementation goals.



- Agenda items: Setting the roadmap for subsequent sessions, emphasizing continued dialogue and actionable insights.

### **Meeting #2: Community Collaborative - April 2023**

This session focused on the intersection of academic research and local market realities, this session explored the nuanced impacts of property tax rates and incentive usage. Key topics covered:

- Academic vs. local perspectives: Taking a comparative look at how theoretical models interact with ground realities.
- Incentives class use: Delving into municipal challenges, with a focus on Park Forest's experience.
- Property taxes: Exploring alternative strategies and their broader implications on communities.
- Racial and economic equity: Examining the role of incentives in fostering a more equitable development landscape.
- Effective incentive reform: Outlining ten strategic paths to better utilize and reform incentive structures.

### **Meeting #3: ULI Developer Dialogue – June 2023**

This session was co-hosted with ULI, focusing on the practical aspects of development incentives from the developer perspective. Discussions included:

- Entitlements and development approvals: Analyzing common risk factors and the criticality of consistent municipal approval processes.
- Proactive local planning: Exploring the role of strategic community planning in aligning development with community aspirations.
- Importance of clear communication: Appreciating the non-financial value of transparent interactions between municipal bodies and developers.
- Site preparation: Broadening the traditional concept of "site readiness" to include both physical and informational aspects.

### **Meeting #4: Site Visit/Case Study at Market Square Crossing – September 2023**

This session featured a discussion between the Village of Matteson and the development team for Market Square Crossing, this session provided participants with a tangible look at the transformative potential of well-executed redevelopment projects. Key discussions revolved around:

- The Redevelopment Journey: Tracing the transformation of Lincoln Mall into Market Square Crossing.
- Municipal ownership and developer collaboration: Exploring insights into the synergies between public objectives and private execution.
- Financing strategies: An in-depth discussion on the complexities and innovative approaches to funding large-scale redevelopment.

### **Meeting #5: Incentives Collaborative Wrap-Up – November 2023**

Concluding the series, the final session reflected on the accumulated knowledge, discussed the trajectory of future collaborations, and solidified the learnings into actionable strategies. Key points included:

- Achievements: Recognizing the advancements made in understanding and leveraging incentives.
- Future directions: Committing to continuous improvement, sharing best practices, and applying insights to future developments.



## Key insights

The Incentives Collaborative meetings elevated several key insights for policymakers and local officials to consider when thinking about economic development.

There is a need for county, regional, and state policymakers to meaningfully engage with local economic development professionals, particularly in areas like the Chicago Southland that have faced historic disinvestment and disadvantage. Together, members expressed a desire to be more involved in decision-making and spoke to a tension between ‘academic’ perspectives on incentive use versus their lived reality. It is necessary to take a nuanced and participatory approach to future policy development in this area that accounts for differences amongst communities and stakeholders across the region.

Participants and guest speakers repeatedly emphasized the importance of good planning and clear communication throughout the development process. Strategic planning that is well aligned with market realities helps bring feasible development projects to communities. Equally crucial is the role of transparent communication, which not only fosters trust but also ensures that all stakeholders have a clear understanding of processes and outcomes. Good planning and clear communication are seen by the private development community as a major ‘incentive’ in itself. Municipalities would be well-served to pursue formal economic development policies that put into writing what kinds of development they are interested in attracting, what financial and non-financial incentives they are willing to offer, and community benefits that need to be delivered.

Related, the collaborative discussed the importance of community engagement and involvement in the development process. Community involvement, particularly when using resources like tax incentives, helps ensure that development aligns with the needs and aspirations of the community and enhances the sustainability and public acceptance of projects.

Participants stressed the value of collaboration amongst each other, both for their municipalities as well as their own professional development. Members noted the value of having conversations with each other throughout the year of the collaborative and planned to continue to work together. Members also expressed interest in pursuing joint storytelling as an economic development strategy for the region and working with their local enterprise zones secure funding for activities.

Finally, a recurring theme of conversation with the collaborative was property taxes and the impacts of tax assessments and incentives on a community’s property tax levy. This issue is particularly relevant in participating communities and their neighbors in southern Cook County. Members expressed a strong desire to work more closely with Cook County and CMAP as they evaluate the current incentive class system in the coming year.



## Conclusion

Phase II of the Incentives Collaborative provided valuable insight into the use of incentives, their intended and unintended consequences, and equitable development. These discussions highlighted the importance of strategic planning, community engagement, and transparent processes in development projects. The insights and recommendations from these meetings offer a foundation for future collaborations, policy formulation, and development initiatives, aiming to enhance the efficacy and impact of local development incentives.